

**WELSPUN PIPES, INC.
AND SUBSIDIARIES**

CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2026 AND 2025

WITH

INDEPENDENT AUDITOR'S REPORT



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INDEPENDENT AUDITOR'S REPORT

The Stockholders of
Welspun Pipes, Inc. and Subsidiaries
Little Rock, Arkansas

Opinion

We have audited the accompanying consolidated financial statements of Welspun Pipes, Inc. and Subsidiaries, which comprise the consolidated balance sheets as of March 31, 2026 and 2025, and the related consolidated statements of income, comprehensive income, changes in stockholders' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Welspun Pipes, Inc. and Subsidiaries, as of March 31, 2026 and 2025, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Welspun Pipes, Inc. and Subsidiaries, and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Welspun Pipes, Inc. and Subsidiaries, ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

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In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Welspun Pipes, Inc. and Subsidiaries, internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Welspun Pipes, Inc. and Subsidiaries, ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

JCJ CPAs & Advisors, PLLC

Little Rock, Arkansas
April 30, 2026

FINANCIAL STATEMENTS

WELSPUN PIPES, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

MARCH 31, 2026 AND 2025

	<u>Assets</u>	
	<u>2026</u>	<u>2025</u>
Current Assets:		
Cash and Cash Equivalents	\$ 3,811,053	\$ 42,846,441
Certificates of Deposit	20,010,541	-
Accounts Receivable:		
Trade Receivable, Net	27,935,281	24,129,098
Related Party	73,893	51,592
Interest Receivable	1,396,262	264,091
Interest Receivable - Related Party	254,932	-
Inventories, Net	218,630,501	200,920,830
Prepaid Expenses, Advances and Other	5,722,082	2,108,611
Other Current Receivables	52,096	159,052
Total Current Assets	<u>277,886,641</u>	<u>270,479,715</u>
Property & Equipment, Net	209,473,215	95,779,554
Other Assets:		
Certificates of Deposit - Long Term	-	20,000,000
Note Receivable - Related Party	-	24,081,890
Non-Current Advances to Vendors	3,694,177	3,805,589
Investment in Debt Securities - at Fair Value	11,775,493	11,539,604
Investment in Equity Securities - at Cost	3,768,110	3,768,110
Investment in Unconsolidated Affiliate	261,241,936	-
Total Other Assets	<u>280,479,716</u>	<u>63,195,193</u>
	<u>\$ 767,839,572</u>	<u>\$ 429,454,462</u>
	<u>Liabilities and Stockholders' Equity</u>	
Current Liabilities:		
Accounts Payable - Trade	97,695,128	97,391,026
- Related Party	3,900,246	1,049,743
Income Taxes Payable	9,645,138	3,337,378
Accrued Expenses	11,426,522	6,869,528
Deferred Revenue - Customers	250,892,736	138,214,440
Current Portion of Deferred Revenue - Government Grant	275,000	-
Total Current Liabilities	<u>373,834,770</u>	<u>246,862,115</u>
Deferred Income Taxes	24,014,827	6,735,675
Long-Term Debt, Less Current Maturities	100,000,000	-
Deferred Revenue - Government Grant, Less Current Portion	1,581,250	-
Stockholders' Equity:		
Common Stock - \$.0001 Par Value, 5,000 Shares Authorized, 1,000 Shares Issued and Outstanding in 2026 and 2025	1	1
Additional Paid in Capital - Common Stock	10,000	10,000
Retained Earnings	267,290,699	174,974,535
Accumulated Other Comprehensive Income	1,108,025	872,136
Total Stockholders' Equity	<u>268,408,725</u>	<u>175,856,672</u>
	<u>\$ 767,839,572</u>	<u>\$ 429,454,462</u>

See Accompanying Notes.

WELSPUN PIPES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
YEARS ENDED MARCH 31, 2026 AND 2025

	<u>2026</u>	<u>2025</u>
Sales	\$ 712,664,441	\$ 283,383,378
Other Revenue	478,043	435,220
Total Operating Revenue	713,142,484	283,818,598
Cost of Goods Sold	529,378,853	236,423,625
Gross Profit	183,763,631	47,394,973
Selling, General and Administrative Expenses	69,433,417	35,875,775
Income from Operations	114,330,214	11,519,198
Other Income (Expense):		
Interest Income	4,269,116	3,271,860
Interest Expense	(479,791)	(674,609)
Dividend Income	272,738	-
Government Grant Income	322,897	-
Other Income	251,908	276,325
Total Other Income	4,636,868	2,873,576
Income Before Income Taxes	118,967,082	14,392,774
Income Tax Expense	26,650,918	3,252,608
Net Income	<u>\$ 92,316,164</u>	<u>\$ 11,140,166</u>

See Accompanying Notes.

WELSPUN PIPES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED MARCH 31, 2026 AND 2025

	<u>2026</u>	<u>2025</u>
Net Income	\$ 92,316,164	\$ 11,140,166
Other Comprehensive Income:		
Unrealized Gain on Available for Sale Debt Securities	<u>235,889</u>	<u>437,954</u>
Total Comprehensive Income	<u>\$ 92,552,053</u>	<u>\$ 11,578,120</u>

See Accompanying Notes.

WELSPUN PIPES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
YEARS ENDED MARCH 31, 2026 AND 2025

	Common Stock	Additional Paid-in Capital Common Stock	Retained Earnings	Accumulated Other Comprehensive Income	Total
Balance at April 1, 2024	\$ 1	\$ 10,000	\$ 163,834,369	\$ 434,182	\$ 164,278,552
Net Income	-	-	11,140,166	-	11,140,166
Other Comprehensive Income	-	-	-	437,954	437,954
Balance at March 31, 2025	1	10,000	174,974,535	872,136	175,856,672
Net Income	-	-	92,316,164	-	92,316,164
Other Comprehensive Income	-	-	-	235,889	235,889
Balance at March 31, 2026	<u>\$ 1</u>	<u>\$ 10,000</u>	<u>\$ 267,290,699</u>	<u>\$ 1,108,025</u>	<u>\$ 268,408,725</u>

See Accompanying Notes.

WELSPUN PIPES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED MARCH 31, 2026 AND 2025

	2026	2025
Cash Flows from Operating Activities:		
Net Income	\$ 92,316,164	\$ 11,140,166
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation	6,497,302	6,556,949
Government Grant Income	(322,897)	-
Changes in Assets and Liabilities:		
Accounts Receivable - Trade	(3,806,183)	(15,767,283)
- Related Party	(22,301)	261,855
Interest Receivable	(1,132,171)	180,263
Interest Receivable - Related Party	(254,932)	-
Inventories, Net	(17,709,671)	(155,638,305)
Other Current Receivables	106,956	855,006
Prepaid Expenses, Advances and Other	(3,613,471)	(827,137)
Non-Current Advances to Vendors	111,412	(3,805,589)
Accounts Payable - Trade	304,102	74,400,898
- Related Party	2,850,503	761,343
Income Taxes Payable	6,307,760	(18,110,762)
Accrued Expenses	4,536,141	(578,738)
Deferred Revenue	112,678,296	133,751,383
Deferred Income Taxes	17,279,152	734,249
Net Cash Provided by Operating Activities	216,126,162	33,914,298
Cash Flows from Investing Activities:		
Maturities of Certificates of Deposit	-	22,571,572
Purchases of Certificates of Deposit	(10,541)	(20,000,000)
Purchases of Property & Equipment	(120,190,963)	(33,282,791)
Purchase of Investment in Unconsolidated Affiliate	(261,241,936)	-
Collection of Note Receivable - Related Party	24,081,890	-
Net Cash Used in Investing Activities	(357,361,550)	(30,711,219)
Cash Flows from Financing Activities:		
Repayments on Finance Leases	-	(125,967)
Dividends Paid to Stockholder	-	-
Repayment on Line of Credit	(91,615,057)	(22,120,276)
Borrowings on Line of Credit	91,615,057	22,120,276
Borrowings of Long-Term Debt	100,000,000	-
Proceeds from Government Grant	2,200,000	-
Net Cash Provided by (Used in) Financing Activities	102,200,000	(125,967)
Net Change in Cash and Cash Equivalents	(39,035,388)	3,077,112
Cash and Cash Equivalents - Beginning of Year	42,846,441	39,769,329
Cash and Cash Equivalents - End of Year	\$ 3,811,053	\$ 42,846,441

See Accompanying Notes.

WELSPUN PIPES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1: Summary of Significant Accounting Policies

Nature of Operations

Welspun Pipes, Inc. (“WPI”) and its wholly-owned subsidiaries (collectively, the “Company”), are organized and incorporated under the laws of the State of Delaware. WPI is a subsidiary of Welspun Corp Limited (“WCL” or the “Parent”), a limited liability company registered in India and listed on Indian Stock Exchanges, BSE and NSE. WPI was formed as a holding company and then formed three wholly-owned subsidiary companies, Welspun Tubular, LLC, Welspun Global Trade, LLC, and Welspun Logistics, LLC.

Welspun Tubular, LLC (“WTL”) was formed to build a pipe manufacturing plant in Little Rock, Arkansas. The plant has a manufacturing capacity of 350,000 metric tons (MT) of pipes sized 24 - 60 inches in diameter and up to 1 inch in wall thickness. In addition to the pipe manufacturing plant, WTL also constructed a coating facility. In 2012, the Company constructed a small diameter, high frequency induction welded (HFIW) pipe plant in close proximity to the existing large diameter spiral plant. The HFIW plant began full commercial production by the end of March 2013. It has an annual capacity of 175,000 MT of pipes sized 6-20 inches in diameter and up to 0.6 inches in wall thickness. In March 2026, construction of a second HFIW plant was completed. It has an annual capacity of 350,000 MT of pipes sized 6-24 inches in diameter and up to 0.6 inches in wall thickness.

Welspun Global Trade, LLC (“WGT”) was formed to establish a marketing and sales presence in the United States. WGT is located in Houston, Texas.

Welspun Logistics, LLC (“WLLLC”) was formed to facilitate logistics services related to shipments of WTL's pipes. WLLLC is located in Little Rock, Arkansas.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Significant estimates include (1) the lives and methods used in computing depreciation expense, (2) the valuation of deferred tax assets and liabilities which are based on temporary differences between the carrying amounts of assets and liabilities for financial statement purposes and their tax bases, (3) valuation of accounts receivable, (4) valuation of investments in debt securities, and (5) the valuation allowance for inventory held at year-end. It is at least reasonably possible that a change in these estimates will occur in the near future.

Principles of Consolidation

The consolidated financial statements include the accounts of WPI and its subsidiaries. All significant intercompany balances and transactions have been eliminated.

Cash and Cash Equivalents and Certificates of Deposits

The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents. Certificates of deposit with original maturities of three months or less are included in cash and cash equivalents.

WELSPUN PIPES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

At March 31, 2026, there were no certificates of deposit that have original maturities of three months or less to be included in cash and cash equivalents.

At March 31, 2026, certificates of deposit totaling \$20,010,541 have original maturities of three months or more and are included as certificates of deposit in the accompanying consolidated balance sheet. These certificates bear interest ranging from 4.30% to 5.20%.

At March 31, 2025, certificates of deposit totaling \$20,010,000 have original maturities of three months or less and are included in cash and cash equivalents in the accompanying consolidated balance sheet. These certificates bear interest ranging from 4.72% to 5.30%.

At March 31, 2025, certificates of deposit totaling \$20,000,000 have original maturities of more than three months and are included as certificates of deposit - long-term in the accompanying consolidated balance sheet. These certificates bear interest of 5.20%.

Accounts Receivable

Trade accounts receivable consist of credit extended to the Company's customers in the normal course of business. At March 31, 2026, 2025, and 2024, trade accounts receivable are stated at their estimated realizable value, net of an allowance for credit losses. Gross trade accounts receivable totaled \$27,995,179, \$24,188,996 and \$8,421,713 at March 31, 2026, 2025, and 2024, respectively.

Allowance for Credit Losses

The Company recognizes an allowance for credit losses for financial assets carried at amortized cost to present the net amount expected to be collected as of the balance sheet date. Such allowance is based on the credit losses expected to arise over the life of the asset (contractual term).

Assets are written off when the Company determines that such financial assets are deemed uncollectible. Write-offs are recognized as a deduction from the allowance for credit losses. Expected recoveries of amounts previously written off, not to exceed the aggregate of the amount previously written off, are included in determining the necessary reserve at the balance sheet date.

The allowance for credit losses was \$59,898 at March 31, 2026, 2025, and 2024. There was no credit loss expense for the years ended March 31, 2026, 2025, and 2024.

Inventories

Inventories consist of stores and spares, raw materials, work-in-process, and finished goods. Inventories are stated at the lower of cost (weighted average method) and net realizable value. Where the expectation is different from the original estimate, such difference will impact the carrying value of inventories and write-down of inventories in the period in which such estimates have been changed. A reserve of \$6,596,824 and \$1,635,521 was recorded as of March 31, 2026 and 2025, respectively, for certain raw materials inventory items to adjust the value downward for non-moving items. The change in the reserve amount is included in cost of goods sold. A reserve of \$1,345,250 and \$1,777,238 was recorded as of March 31, 2026 and 2025, respectively, to reflect the market prices of stores and spares inventory items, and the change in the reserve amount is included in cost of goods sold.

WELSPUN PIPES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Property and Equipment

Property and equipment are carried at cost less accumulated depreciation. Depreciation is computed using the straight-line method. Estimated useful lives by major asset classification are as follows:

<u>Description</u>	<u>Estimated Useful Life</u>
Buildings and Land Improvements	15 - 40 years
Machinery and Equipment	2 - 10 years
Furniture and Fixtures	3 - 10 years
Vehicles	5 years
Computers and Software	1 - 10 years
Yard Equipment	3 - 10 years

Depreciation expense totaled \$6,497,302 for 2026 and \$6,556,949 for 2025.

Investment in Debt Securities – At Fair Value

Investments in debt securities are reported at fair value in the consolidated balance sheets. The Company's investments in marketable debt securities have been classified and accounted for as debt securities available-for-sale ("AFS"). AFS debt securities are stated at estimated fair value, with the unrealized gains and losses, net of tax, reported as a separate component of stockholders' equity and included in other comprehensive income on the consolidated statements of income and comprehensive income.

Purchases and sales of marketable debt investment securities are recognized on their trade-date. Fair values for investment securities are based on quoted market prices, where available. If quoted market prices are not available, fair values are based on quoted market prices of comparable instruments. Gains or losses on the sale of investment securities are recognized by the specific identification method at the time of sale and are included as a separate component of other income on the consolidated statements of income.

See Note 3 for additional information on this investment.

Investment in Equity Securities – At Cost

Nonmarketable equity investment holdings of less than 20% owned in which the Company does not have the ability to exercise significant influence over the investee are accounted for using the cost method. Under the cost method, investments are carried at cost, evaluated for any impairment, and increased with additional contributions of capital. Any dividends received from the investment are recorded to current earnings. The carrying value of the investment is included in the accompanying consolidated balance sheets as investment in equity securities – at cost.

See Note 3 for additional information on this investment.

Investment in Unconsolidated Affiliate

Marketable and nonmarketable equity investment holdings of 20% to 50% owned in which the Company has the ability to exercise significant influence over the investee are accounted for using the equity method. Under the equity method, the Company adjusts its carrying value of the investment for its share of earnings or losses in the investee after the date of the investment. The Company's share of the earnings and losses is based on the shares of stock held by the Company of the investee. The Company's share of such earnings or losses in these investments will be included in the accompanying consolidated statements of income as equity in earnings of unconsolidated affiliate and the carrying value of the investment is included in the accompanying consolidated balance sheets as investment in unconsolidated affiliate.

See Note 3 for additional information on this investment.

WELSPUN PIPES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Leases

The Company determines if an arrangement is a lease at inception. Operating leases are included in Operating Lease Right-of-Use Assets, Current Operating Lease Liabilities, and Noncurrent Operating Lease Liabilities in the Balance Sheets. Finance leases are included in Property and Equipment, Net, Current Portion of Finance Lease Obligations, and Finance Lease Obligations, Less Current Maturities in the Consolidated Balance Sheets. The Company had no finance leases at March 31, 2026 or 2025.

The Company has elected ASC 842's practical expedient for all leases with terms of 12 months or shorter. Under this practical expedient, the Company will not apply the recognition requirements of ASC 842 to short-term leases. These short-term lease payments will be expensed monthly, and a right-of-use asset and related lease liability will not be recorded on the consolidated balance sheet.

Revenue Recognition – Sale of Goods

The Company derives revenue principally from the sale of pipes based on customer contracts. The Company considers the terms of the contract in determining the transaction price. The transaction price is based upon the amount the Company expects to be entitled to in exchange for transferring of promised goods and services to the customer after deducting incentive programs, included but not limited to discounts and volume rebates. The Company recognizes revenue when it satisfies a performance obligation in accordance with the provisions of a contract with a customer. This is achieved when control of the product has been transferred to the customer, which is generally determined when title, ownership, risk of obsolescence and loss pass to the customer and the Company has the present right to payment, all of which occurs at a point in time upon shipment or delivery of the product. The Company usually considers freight activities as costs to fulfill the promise to transfer the related products and the customer payments for freight costs are recorded as a component of revenue. There are no assets or liabilities recorded in conjunction with revenue recognized, other than accounts receivable and deferred revenue.

At times bill and hold contracts are entered at the request of the customer. Revenue from bill and hold contracts is recognized at the agreed transaction price. The price for bill and hold contracts is determined at the time of entering into the transactions and the performance obligation is satisfied when the control of the pipes have been transferred to the customer.

Revenue Recognition – Sale of Services

In certain customer contracts, the Company provides freight services to its customers and the Company recognizes revenue for such services when the performance obligation is completed. Revenue from providing freight services is recognized in the accounting period in which the services are rendered. The related freight costs incurred are included in freight expenses when the Company is acting as principal in the freight arrangement. The Company does not have any contracts with significant financing components where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds the credit period usually provided to customers in similar industry. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

Deferred revenue primarily represents consideration received from customers in advance for unshipped orders. Deferred revenue totaled \$250,892,736 and \$138,214,440 at March 31, 2026 and 2025, respectively.

WELSPUN PIPES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Pre-Operation Expenses

U.S. GAAP requires all expenses incurred prior to the start of operations to be expensed as incurred. However, interest costs incurred during a construction period is an example of an item that should be capitalized under existing U.S. GAAP. Accordingly, the Company expensed all other pre-operation expenses when incurred.

Sales Taxes

Sales are reported net of taxes assessed by governmental authorities on revenue-producing transactions.

Shipping and Handling Costs

The Company's shipping and handling costs are included in selling, general and administrative expenses and totaled \$2,816,750 for 2026 and \$10,394,629 for 2025.

Advertising Costs

Advertising costs are expensed when incurred and totaled \$7,485 for 2026 and \$62,724 for 2025.

Income Taxes

The Company accounts for income taxes using an asset and liability approach. Deferred income tax assets and liabilities are recognized for the expected future tax consequences of temporary differences between the financial and income tax basis of assets and liabilities based on the tax law in effect at March 31, 2026 and 2025. The Company recognizes accrued interest and penalties associated with uncertain tax positions, if any, as part of their income tax provision. The previous three years of federal and Arkansas income tax returns and previous four years of Texas income tax returns are subject to potential examination by taxing authorities.

Statement of Cash Flows

Cash payments for interest totaled \$479,791 in 2026 and \$674,609 in 2025. Cash payments for income tax totaled \$3,064,007 in 2026 and \$20,629,121 in 2025.

For the year ended March 31, 2026, noncash investing activities consisted of unrealized gains on available-for-sale debt securities of \$235,889. For the year ended March 31, 2025, non-cash investing activities consisted of unrealized gains on available for-sale debt securities of \$437,954.

Reclassifications

Certain reclassifications have been made to the 2025 consolidated financial statements to conform with the 2026 presentation.

Subsequent Events

Accounting standards establish general guidelines of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. The Company has evaluated all subsequent events for potential recognition and disclosure through April 30, 2026, the date these financial statements were available to be issued.

WELSPUN PIPES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 2: Inventories

Net inventories are composed of the following at March 31:

	<u>2026</u>	<u>2025</u>
Raw Materials, net	\$ 86,059,676	\$ 87,932,866
Work-in-Process	4,736,252	4,278,641
Finished Goods	53,427,337	57,210,251
Goods-in-Transit	63,591,928	38,396,584
Stores and Spares, net	<u>10,815,308</u>	<u>13,102,488</u>
	<u>\$ 218,630,501</u>	<u>\$ 200,920,830</u>

Note 3: Investment Securities

Investment in Debt Securities – At Fair Value

The amortized cost and approximate fair values of debt securities are as follows:

	<u>March 31, 2026</u>			
	<u>Amortized Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	<u>Fair Value</u>
Corporate Bonds - AFS	<u>\$ 12,602,100</u>	<u>\$ -</u>	<u>\$ (826,607)</u>	<u>\$ 11,775,493</u>

	<u>March 31, 2025</u>			
	<u>Amortized Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	<u>Fair Value</u>
Corporate Bonds - AFS	<u>\$ 12,602,100</u>	<u>\$ -</u>	<u>\$ (1,062,496)</u>	<u>\$ 11,539,604</u>

There were no proceeds from sale of debt securities for the years ended March 31, 2026 and 2025. There were no realized gains for the sale of debt securities for the years ended March 31, 2026 and 2025.

At March 31, 2026, the contractual maturity of all debt available-for-sale debt securities was five years or less. Expected maturities may differ from contractual maturities due to the issuers right to call or prepay obligations.

WELSPUN PIPES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The following reflects gross unrealized losses and the estimated fair value of investment securities, aggregated by investment category and length of time that individual investment securities have been in a continuous unrealized loss position:

	March 31, 2026			
	Less than 12 Months		12 Months or More	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
Corporate Bonds – AFS	\$ -	\$ -	\$ 11,775,493	\$ (826,607)

	March 31, 2025			
	Less than 12 Months		12 Months or More	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
Corporate Bonds – AFS	\$ -	\$ -	\$ 11,539,604	\$ (1,062,496)

The debt securities were in an unrealized loss position at March 31, 2026 and 2025 due to the current interest rate environment. The Company does not believe that it is subject to any unusual credit risk beyond the normal credit risk associated with debt securities.

Timely interest payments continue to be received from the issuer. The Company does not intend to sell these securities, and it is more likely than not that the Company will not be required to sell before a period of time sufficient to allow for any anticipated recovery in fair value.

In analyzing an issuer’s financial condition, management considers whether downgrades by bond rating agencies have occurred and the results of reviews of the issuer’s financial condition. All securities owned by the Company are payable at par at maturity.

Investment in Equity Securities - At Cost

During 2024, Welspun Pipes, Inc. became a 2.57% investor in Welspun Mauritius Holdings Limited (WMHL). WMHL's principal activity is the management of investment holdings.

This investment is accounted for at cost. The investment, at cost, in WMHL was \$3,768,110 at March 31, 2026 and 2025. During the year ended March 31, 2026, the Company received a dividend of \$272,738 from WMHL. Management believes there is no impairment to this investment for the years ended March 31, 2026 or March 31, 2025.

Investment in Unconsolidated Affiliate

On March 24, 2026, Welspun Pipes, Inc. purchased 6,930,000 shares of stock East Pipes Integrated Company for Industry (EPIC), which is a listed stock on Saudi Exchange. This investment represents an approximate 22% interest in EPIC by Welspun Pipes, Inc. EPIC’s principal activity is the manufacturing of iron and steel pipes. This investment is accounted for under the equity method of accounting. The Company has elected as an accounting policy to record its equity portion of EPIC’s earnings or losses on a three-month lag using EPIC’s period-end of December 31st.

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The carrying value of this investment in EPIC at March 31, 2026 is \$261,241,936. The carrying value of the Company's investment in EPIC at March 31, 2026 approximates the Company's underlying equity in the net assets of EPIC.

Due to the three-month lag discussed above, the Company's carrying value in EPIC at March 31, 2026 includes only the cost of the investment purchase on March 24, 2026, and no adjustment for any earnings or losses as the Company did not own its interest in EPIC at the three-month lag date of December 31, 2025. Additionally, no summarized financial information for EPIC is included here as the investment was not purchased by the Company until after the lag date of December 31, 2025. The closing price of EPIC's stock at March 31, 2026 was 160.00 per share in Saudi Riyals (approximately \$42.62 in U.S. Dollars).

Note 4: Fair Value of Financial Instruments

Accounting standards define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. They also establish a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

Following are the three levels of inputs that may be used to measure fair value:

- Level 1:** Quoted prices in active markets for identical assets or liabilities
- Level 2:** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3:** Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities

In determining fair value, the Company uses various methods including market, income and cost approaches. The Company utilizes valuation techniques that maximize the use of observable inputs and minimizes the use of unobservable inputs.

The following table presents the Company's hierarchy for its assets and liabilities measured at fair value as of March 31, 2026:

	<u>Carrying Amount</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Assets:				
Debt Securities: AFS	\$ 11,775,493	\$ -	\$ 11,775,493	\$ -

The following table presents the Company's hierarchy for its assets and liabilities measured at fair value as of March 31, 2025:

	<u>Carrying Amount</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Assets:				
Debt Securities: AFS	\$ 11,539,604	\$ -	\$ 11,539,604	\$ -

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The carrying amounts in the preceding tables are included in the consolidated balance sheet under the applicable captions.

The following method and assumption were used by the Company in estimating its fair value disclosures for financial instruments:

Debt securities: AFS: Fair values for debt securities: available-for-sale are valued by a third-party pricing service utilizing observable inputs. Observable inputs include market price quotations, recently executed transactions, and bond spreads.

Note 5: Property and Equipment

The costs by major category of property and equipment are as follows at March 31:

	<u>2026</u>	<u>2025</u>
Land	\$ 4,781,981	\$ 4,781,981
Land Improvements	33,129,803	33,129,803
Buildings and Improvements	106,689,832	64,391,872
Machinery and Equipment	241,763,878	167,202,831
Furniture and Fixtures	3,230,516	2,947,212
Vehicles	399,824	366,032
Capital Work in Process	32,618,223	30,729,084
Computers and Software	1,156,877	984,355
Yard Equipment	<u>17,831,756</u>	<u>18,704,915</u>
	441,602,690	323,238,085
Less: Accumulated Depreciation	<u>(232,129,475)</u>	<u>(227,458,531)</u>
Property and Equipment, Net	<u>\$ 209,473,215</u>	<u>\$ 95,779,554</u>

During the year ended March 31, 2025, the Company commenced a new expansion initiative aimed at supporting its long-term growth strategy. This expansion continued through the year ended March 31, 2026 and includes the development of two additional manufacturing facilities located in Little Rock, Arkansas. One new manufacturing facility was completed in March of 2026, and the second new manufacturing facility is expected to be completed in December of 2026. Costs associated with this second new facility's expansion are included in capital work in process at March 31, 2026.

Note 6: Available Line of Credit

At March 31, 2026, the Company has a \$95,000,000 credit facility with a commercial bank that matures on April 30, 2026. This credit facility includes the availability of up to \$20,000,000 of cash borrowings through a revolving line of credit and up to \$95,000,000 of letters of credit. The availability of these cash borrowings are reduced by any outstanding letters of credit. The line bears interest at a variable interest at the one month Secured Overnight Financing Rate (SOFR) plus 1.25% at March 31, 2026. There were no outstanding borrowings on the line of credit at March 31, 2026 and 2025. On April 30, 2026, this line of credit was renewed until June 30, 2026 with all other terms remaining unchanged. At March 31, 2026, there were \$27,320,802 of outstanding letters of credit issued in the benefit of various vendors of the Company. At March 31, 2025, there were \$19,366,517 of outstanding letters of credit issued in the benefit of various vendors of the Company.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 7: Long-Term Debt

Long-term debt consists of the following at March 31:

	<u>2026</u>	<u>2025</u>
Term Note (A)	\$ 100,000,000	\$ -
Term Note (B)	-	-
	<u>100,000,000</u>	<u>-</u>
Current Maturities	-	-
Long-Term Debt, Less Current Maturities	<u>\$ 100,000,000</u>	<u>\$ -</u>

- (A) Term note payable to a foreign bank with available borrowings to \$110,000,000, available for draws until April 30, 2026, secured by property and equipment, due in annual principal installments, with interest at a variable rate of three month short-term overnight financing rate (SOFR) plus 1.65%, interest payable quarterly, maturing on August 31, 2029.
- (B) Term note payable to a foreign bank with available borrowings to \$30,000,000, available for draws until April 30, 2026, secured by property and equipment, due in annual principal installments, with interest at a variable rate of three month short-term overnight financing rate (SOFR) plus 1.65%, interest payable quarterly, maturing on August 31, 2029.

At March 31, 2026, maturities of long-term debt are as follows:

For the Years Ending in:

2027	\$ -
2028	20,000,000
2029	40,000,000
2030	<u>40,000,000</u>
	<u>\$ 100,000,000</u>

Note 8: Income Taxes

There are significant items such as depreciation expense and pre-operative costs that are computed differently for financial versus income tax reporting. Deferred income taxes are provided for on these items.

Income tax expense consists of the following for the fiscal year ended March 31:

	<u>2026</u>	<u>2025</u>
Current Income Tax Provision	\$ 9,371,767	\$ 2,518,360
Deferred Expense	<u>17,279,151</u>	<u>734,248</u>
	<u>\$ 26,650,918</u>	<u>\$ 3,252,608</u>

The income tax expense varies from the statutory U.S. rate primarily due to state income taxes, federal tax credits, and certain non-deductible items. Current income tax expense includes an estimate of underpayment interest for failure to pay estimated income tax payments for the year ended March 31, 2026 and 2025.

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Deferred income taxes are provided for the temporary differences between the financial reporting basis and the tax basis of the Company's assets and liabilities. The Company has \$826,607 and \$1,062,496 in combined realized and unrealized capital losses at March 31, 2026 and 2025, respectively. The realized capital losses can be carried forward and used to offset future capital gain income. The realized capital loss carry forward is \$245,105 as of March 31, 2026 and 2025. Based on the weight of the available positive and negative evidence, the Company concluded that certain net deferred assets did not meet the standards of being more likely than not realizable. As such, the Company recognized a valuation allowance of \$173,587 and \$268,811 against its deferred tax asset on capital losses at March 31, 2026 and 2025, respectively.

Total net deferred tax liabilities as of March 31 are as follows:

	<u>2026</u>	<u>2025</u>
Deferred Tax Asset:		
Provisions for Bad Debt	\$ 78,404	\$ 78,404
Other Benefits	1,013,996	164,705
Provision for Litigation	5,207	5,207
Inventory Write Down	1,402,768	953,249
Unrealized/Realized Capital Losses	173,587	268,811
Valuation Allowance	(173,587)	(268,811)
Deferred Tax Liability:		
Depreciation	<u>(26,515,202)</u>	<u>(7,937,240)</u>
Net Deferred Income Tax Liability	<u>\$ (24,014,827)</u>	<u>\$ (6,735,675)</u>

Note 9: Government Grant

On October 22, 2024, the Company was awarded a \$2,200,000 grant from Arkansas Economic Development Commission's (AEDC) Quick Action Closing Fund to be used for new infrastructure development and creating new employment opportunities for the Company. On August 6, 2025, the full grant amount of \$2,200,000 was received in advance from AEDC. The grant period is for an eight-year period beginning on January 1, 2025 through December 31, 2032. Certain conditions including the creation of a specified number of new employment opportunities each year are required and annual employment reports are submitted to AEDC. Revenue is recognized by the Company in the year that the grant income is earned over the eight-year life of the grant.

For the year ended March 31, 2026, \$322,897 was recognized as revenue from this grant. This revenue is included as government grant income in the accompanying consolidated statements of income. Upon the submission of the December 31, 2025 annual employment report, it was determined that the Company did not fully meet the employment opportunity criteria and \$20,853 was to be due back to AEDC for the December 31, 2025 grant period. This \$20,853 return of funds is included within accrued expenses in the accompanying consolidated balance sheets.

At March 31, 2026, \$275,000 of the advanced grant funds are included as Current Portion of Deferred Revenue - Government Grant and \$1,581,250 of the advanced funds are included as Deferred Revenue - Government Grant, Less Current Portion in the accompanying consolidated balance sheets.

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Note 10: Related Party Transactions

On January 5, 2015, the Company entered into a loan agreement with a related party for an amount not to exceed \$20,000,000. The agreement has been amended to be a demand deposit agreement in which the maturity is not later than ninety days from the execution date. On May 8, 2020, Company entered into a second loan agreement with the same related party for an amount not to exceed \$25,000,000. This note was due on demand beginning June 30, 2020, and if no demand is made, the maturity date was set to be no later than seven years from the last draw down date of June 30, 2019. Since no demand was made, the note is due on June 30, 2026. The interest for both notes is due annually at a rate of 4.75%. During the year ended March 31, 2025, the balances from the two notes were consolidated into the second note agreement disclosed above; therefore, the entire balance is considered to have a maturity date of June 30, 2026. As of March 31, 2026, the related party repaid all outstanding borrowings from the loan agreement on March 24, 2026. The related party borrowed \$24,081,890 from the loan agreement and was included as a note receivable - related party as of March 31, 2025. Interest income totaled \$1,054,932 for 2026 and \$1,143,890 for 2025. As of March 31, 2026 and March 31, 2025, there was \$254,932 and \$0, respectively, of interest receivable related to the loan agreement.

The Company's accounts receivable - related party results from certain material supplies and other expenses paid. As of March 31, 2026, the Company had \$73,893 in related party receivables from Welspun Specialty Solutions Limited for reimbursement of salary and other expenses. As of March 31, 2025, the Company had \$51,592 in related party receivables from Welspun Specialty Solutions Limited for reimbursement of salary and other expenses.

The Company's accounts payable - related party results from certain expenses such as freight, supplies, salary and consulting fees, and commissions. As of March 31, 2026, the Company had \$2,637,576 in related party payables to WCL for expenses paid on the Company's behalf, \$41,884 in related party payables to Welspun Transformation Services Limited for professional and consulting fees, \$9,018 in related party payables to Welspun USA Inc. for goods purchases, and \$1,211,768 in related party payables to the chairman of WCL for commissions. As of March 31, 2025, the Company had \$1,038,432 in related party payables to WCL for expenses paid on the Company's behalf and \$11,105 in related party payables to Welspun Transformation Services Limited for professional and consulting fees.

Total material purchases from WCL were \$28,357,732 and \$9,982,428 during 2026 and 2025, respectively. Total material purchases from Welspun USA Inc. were \$9,018 in 2026. Total material purchases from Welspun U.K. Limited were \$16,656 in 2025. The Company paid expenses on behalf of WCL totaling \$746,230 and \$280,374 in 2026 and 2025, respectively. The Company made payments for corporate guarantee fees to WCL related to long-term debt, totaling \$92,985 and \$629,167 during 2026 and 2025, respectively. The Company paid \$951,224 in brand royalty fees to Welspun Corp Limited in 2026. The Company paid \$87,412 in brand royalty fees in 2025. The Company had \$97,794 and \$47,105 in related party purchases of services from Welspun Transformation Services Limited in 2026 and 2025, respectively. The Company paid expenses on behalf of Welspun Specialty Solutions Limited totaling \$22,301 and \$201,012 in 2026 and 2025, respectively.

At March 31, 2026 and 2025, the Company had \$36,091,189 and \$28,269,366 of open purchase orders outstanding with WCL, respectively.

The Company paid director sitting fees of \$3,000 and \$4,000 during the years ended March 31, 2026 and 2025, respectively. The Company paid director remuneration fees of \$65,000 and \$195,000 during the years ended March 31, 2026 and 2025, respectively.

WELSPUN PIPES, INC. AND SUBSIDIARIES
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Note 11: Concentrations of Credit Risk

As disclosed in Note 1, the Company's operations are focused on large projects relating to supplying steel pipes for the transportation of oil and gas. These projects generally span a period of several months, and sometimes several years. While the Company has multiple clients and projects, approximately 84% of the revenues during 2026 were generated from three customers and approximately 51% of the revenues during 2025 were generated from four customers. At March 31, 2026, four customers made up approximately 96% of trade receivables. At March 31, 2025, two customers made up approximately 84% of trade receivables. At March 31, 2026, two vendors accounted for approximately 78% of materials purchases. At March 31, 2025, three vendors accounted for approximately 97% of materials purchases.

The Company maintains its cash and cash equivalents at domestic financial institutions. At March 31, 2026 and 2025, the Company's uninsured cash balances totaled \$3,253,343 and \$22,310,194, respectively.

Additionally, the Company had \$20,010,541 in uninsured certificate of deposit balances at March 31, 2026. These certificates of deposit are held in foreign financial institutions and are included as certificates of deposit on the consolidated balance sheet.

The Company does not believe that it is subject to any unusual credit risk beyond the normal credit risk associated with commercial banking relationships.

Note 12: Employee Benefit Plan

The Company has a 401(k) Retirement Savings Plan that covers substantially all employees after a 90-day service requirement. Participants may defer a portion of their salary and the Company may make discretionary matching contributions. In April 2019, the Plan Agreement was amended to change the employer matching contributions on employee contributions to 100% of employee deferrals up to 4%. These matching contributions vest 100% after one year of service. Total retirement plan contributions by the Company for 2026 and 2025 were \$1,481,357 and \$1,270,005, respectively.

Note 13: Commitments and Contingencies

The Company is involved in various legal proceedings which have arisen in the ordinary course of its business and have not been finally adjudicated. These actions, when ultimately concluded or determined, will not, in the opinion of management, have a materially adverse impact upon the Company's consolidated financial position, results of operations, or liquidity.